

Russia because so many of her enterprises were fed with capital from abroad. As usual under such conditions, the clamor arose for "more money" and for a freer use of the facilities of the Bank of Russia. It became necessary for Count Witte to submit a memorial to the Emperor, showing that the quantity of currency in the country was greater than ever before and that if the bank had thought it advisable to raise its discount rate it was only taking the same precaution as other state banks and had not been exempt from this necessity even under the regime of paper money.¹ The condition of the bank and the stability of the gold standard remained absolutely unshaken. Discounts and advances were increased by nearly fifty per cent, in October, 1899, at the height of the crisis, as compared with the previous year. The circulation and gold reserves declined somewhat, but this was the result of the policy of the government in forcing gold coin into actual use. From October 1, 1897, *° October 1, 1899, gold in circulation had risen from 107,000,000 to 662,300,000 roubles, while bank-notes had fallen from 986,600,000 to 555,000,000 roubles. While within the year 1899 the gold resources of the bank fell by about 115,000,000 roubles, its outstanding note obligations fell by 171,000,000 roubles and its gold resources remained at the close of the year at 730,000,000 roubles (\$375,950,000).

A more serious test of the stability of the monetary system came with the Russo-Japanese War in 1904. Disaster after disaster came to Russian arms on land and sea, but they never threatened the solidity of the structure built up by Count Witte in time of peace. It was the policy of the Russian Government from the outset to suffer no infraction of the gold resources of the bank and to support the expenses of the war by the issue of interest-bearing securities rather than by resort to paper money.² The close of the year 1903 found the bank in much the same position in respect to re-

¹ Raffalovich, *Le Marché Financier en 1899-1900*, 442-448. * Cf. Caben, in *Questions Monétaires Contemporaines*, 557.